

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6673

BILL NUMBER: HB 1278

NOTE PREPARED: Feb 5, 2004

BILL AMENDED: Feb 4, 2004

SUBJECT: Taxation of Annexed Land.

FIRST AUTHOR: Rep. Whetstone

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) This bill allows Brownsburg and Pendleton to exempt annexed agricultural land from municipal property tax liability until the land is rezoned under a different classification. It also provides that land annexed under this provision may not be considered a part of the municipality for additional involuntary annexations.

Effective Date: July 1, 2004.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) Under current law, all Lake County municipalities and Plainfield, Avon, Michigan City, and Westfield may annex property classified as agricultural and exempt that property from the municipality's portion of property taxes until the property's classification is changed. This bill would allow the Towns of Brownsburg and Pendleton to do the same.

Agricultural land has a relatively low value for property tax purposes. Exemptions of this type of property from property taxes would not represent very much valuation. This provision would not reduce the property tax base for those taxing units that currently serve the property. The provision would, however, keep the value of this property from being added to the municipality's tax base. The exemption would prevent the shifting of municipal property taxes onto agricultural land. Total local revenues would not be affected.

The town could annex agricultural property in anticipation of a future project. A building project could ultimately have a positive fiscal impact in and surrounding the town.

State Agencies Affected:

Local Agencies Affected: Towns of Brownsburg and Pendleton.

Information Sources:

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